

**RAILROAD COMMISSION OF TEXAS  
HEARINGS DIVISION**

**OIL AND GAS DOCKET NO. 01-0320292**

---

**APPLICATION OF EXCO OPERATING COMPANY, LP (256915) FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR THE HOWETT ZAV (18015) LEASE, WELL NOS. A 3H, B 1H, C 2H, E 2H, AND F 1H, BRISCOE RANCH (EAGLE FORD) FIELD, ZAVALA COUNTY, TEXAS**

---

**FINAL ORDER**

The Railroad Commission of Texas (“Commission”) finds that after notice in the above-docketed case was provided to all parties entitled to notice, a hearing was held on November 13, 2019, by a Commission Technical Examiner and Administrative Law Judge. This proceeding was duly submitted to the Commission at a conference held in its offices in Austin, Texas. After considering this matter, the Commission adopts the following findings of fact and conclusions of law.

**Findings of Fact**

1. EXCO Operating Company, LP (“EXCO” or “Applicant”) seeks a two-year exception to Statewide Rule 32 (“Statewide Rule 32”) for authority to flare from the following flare points in the Briscoe Ranch (Eagle Ford) Field, in Zavala County, Texas:
  - a. a maximum of 183 thousand cubic feet per day (“Mcf”), with no monthly flare volume limitation, of casinghead gas from the Howett ZAV A 3H and B 1H Flare Point from March 11, 2020 through June 6, 2021;
  - b. a maximum of 200 Mcfd, with no monthly flare volume limitation, of casinghead gas from the Howett ZAV C 2H Flare Point from June 6, 2019 through June 6, 2021; and
  - c. a maximum of 250 Mcfd, with no monthly flare volume limitation, of casinghead gas from the Howett ZAV E 2H and F 1H Flare Point from July 23, 2019 through June 6, 2021.
2. EXCO submitted a request for hearing on the Statewide Rule 32 exception flaring authority on May 15, 2019.
3. EXCO was previously granted the following previous exceptions to Statewide Rule 32:
  - a. For the Howett ZAV A 3H and B 1H Flare Point, an administrative exception under Permit No. 24894 for a maximum daily flare volume of 183 Mcfd, expiring March 10, 2016, an exception under Final Order Oil and Gas Docket No. 01-0299832 for a maximum of daily flare volume of 183 Mcfd,

- expiring March 11, 2018, and an exception under Final Order Oil and Gas Docket No. 01-0308609, expiring March 11, 2020;
- b. For the Howett ZAV C 2H Flare Point, an administrative exception under Permit No. 37118 for a maximum daily flare volume of 200 Mcfd, expiring March 7, 2019; and
  - c. For the Howett ZAV E 2H and F 1H Flare Point, an administrative exception under Permit No. 39323 for a maximum daily flare volume of 250 Mcfd, expiring July 24, 2019.
4. On July 8, 2019, the Hearings Division of the Commission sent a Joint Notice of Hearing (“Notice”) to Applicant and all offsetting operators in the field setting a hearing date of August 6, 2019. On August 1, 2019, the Hearings Division received a Motion for Continuance from EXCO. On August 1, 2019, the Hearings Division sent out an Order Granting the Motion for Continuance, and on November 7, 2019, the Hearings Division sent an Order Setting Hearing on the Merits for November 13, 2019. Consequently, the parties received more than 10 days’ notice. The Notice contains (1) a statement of the time, place, and nature of the hearing; (2) a statement of the legal authority and jurisdiction under which the hearing is to be held; (3) a reference to the particular sections of the statutes and rules involved; and (4) a short and plain statement of the matters asserted. The hearing was held on November 13, 2019, as noticed. Applicant appeared and participated at the hearing. The hearing was protested by Williams MLP Operating, LLC and Mockingbird Midstream Gas Services, LLC (collectively “Williams”).
  5. On June 25, 2020, the Hearings Division received a letter from Williams withdrawing its protest due to a new gas gathering agreement and settlement agreement (“Settlement”).
  6. Howett ZAV (18015) Lease (“Lease”) has five wells on three separate wellpads.
  7. Wells Nos. A 3H and B 1H are on a single wellpad and are connected to the Williams gas gathering system. Casinghead gas is produced from these wells at a lower pressure than is required to enter the high-pressure Williams pipeline.
  8. During the hearing, EXCO stated it would not find a daily maximum flare volume of 50 Mcfd for the Howett ZAV A 3H and B 1H Flare Point adverse.
  9. Well No. C 2H is the only well on its wellpad and is not physically connected to the Williams gas gathering system. Well No. C 2H is located approximately 550 feet from the existing pipeline.
  10. For the Howett ZAV C 2H Flare Point, the record shows the month with the highest production was December 2018 with casinghead gas production reported to be

3,795 Mcf. The most recent data shows casinghead gas production in September 2019 was 2,007 Mcf, demonstrating declining gas production.

11. Well Nos. E 2H and F 1H are on a single wellpad and are not physically connected to the Williams gas gathering system. Well Nos. E 2H and F1H are located approximately 375 feet from the existing pipeline.
12. For the Howett ZAV E 2H and F1H, the month with the highest casinghead gas production was May 2019 with the gas production from both wells totaling 5,806 Mcf. The most recent data shows casinghead gas production in September 2019 was 2,754 Mcf, demonstrating declining casinghead gas production.
13. The Commission Form H-9 associated with the Lease shows a hydrogen sulfide (“H<sub>2</sub>S”) of 20,000 parts per a million.
14. Prior to the Settlement, a pipeline connection for the casinghead gas was not available for the Howett ZAV C 2H, E 2H and F1H wells.
15. Additional time will be needed after the Settlement to connect the Howett ZAV C 2H, E 2H and F1H wells. The Administrative Law Judge and Technical Examiner (collectively, “Examiners”) recommend Statewide Rule 32 exceptions for each flare point expiring on December 6, 2020. This provides additional time to complete pipeline connections and allows for all the flare points to expire on the same date as requested by EXCO. Based upon the evidence presented for inclusion in the record, the Examiners further recommend a daily maximum flare volume of 50 Mcfd for the Howett ZAV A 3H and B 1H Flare Point; a daily maximum flare volume of 125 Mcfd for the Howett ZAV C 2H Flare Point; and 200 Mcfd for the Howett ZAV E 2H and F 1H Flare Point; with a monthly flare volume limitation of 7,500 thousand cubic feet per a month (“Mcfm”) for the Lease as reflected in Attachment A to this order.
16. The Statewide Rule 32 exception request to flare a casinghead gas from the Howett ZAV A 3H and B 1H; Howett ZAV C 2H; and Howett ZAV E 2H and F 1H Flare Points is necessary for EXCO to produce recoverable hydrocarbons from the Lease.
17. On November 2, 2020, the Hearings Division received correspondence from EXCO stating that EXCO would not find the amended flare volume volumes or the exception period adverse and that the Final Order in this docketed case would be final and effective when a Master Order relating to this Final Order is signed.

### Conclusions of Law

1. Proper notice was issued to persons entitled to notice. *See, e.g.*, Tex. Gov't Code § 2001.051; 16 Tex. Admin. Code §§ 1.42, 1.45.
2. The Commission has jurisdiction in this case. *See, e.g.*, Tex. Nat. Res. Code § 81.051.
3. Statewide Rule 32 requires gas to be utilized for purposes and uses authorized by law unless authorized. 16 Tex. Admin. Code § 3.32(b).
4. Statewide Rule 32 provides exceptions allowing the flaring of gas if certain requirements are met and the flaring is necessary. *See, e.g.*, 16 Tex. Admin. Code § 3.32(f), (h).
5. EXCO has met the requirements in Statewide Rule 32 to flare gas from the flare point as identified in Attachment A and the flaring of such gas is necessary.
6. Pursuant to the provisions of Texas Government Code § 2001.144(a)(4)(A), this Final Order can be final and effective on the date a Master Order relating to this Final Order is signed.

### Ordering Provisions

It is **ORDERED** that EXCO Operating Company (256915) is granted exceptions to Statewide Rule 32 for the Howett ZAV A 3H and B 1H; Howett ZAV C 2H; and Howett ZAV E 2H and F 1H Flare Points. Its request for authority to flare casinghead gas from the Howett ZAV A 3H and B 1H; Howett ZAV C 2H; and Howett ZAV E 2H and F 1H Flare Points, in the Briscoe Ranch (Eagle Ford) Field, in Zavala County, Texas as identified in attached Attachment A is **APPROVED**.

This authority is granted, provided all production is reported on the appropriate Commission forms. Within 30 days of the effective date of this order, EXCO shall file the Statewide Rule 32 Exception Data Sheet and the required fee for a Statewide Rule 32 exception for the Howett ZAV A 3H and B 1H; Howett ZAV C 2H; and Howett ZAV E 2H and F 1H Flare Points. *See* 16 Tex. Admin. Code § 3.32(h)(1). This order, and the authority to flare granted herein, is **VOID** if the required fee is not paid by EXCO within thirty (30) days of the effective date of this order.

Pursuant to § 2001.144(a)(4)(A) of the Texas Government Code and the agreement of the parties in writing or on the record, **the parties have waived the right to file a motion for rehearing and the Final Order in this case is final and effective on the date the Master Order relating to the Final Order is signed.**

**Signed on December 8, 2020.**

**RAILROAD COMMISSION OF TEXAS**

**(Order approved and signatures affixed by  
Hearings Division's Unprotected Master  
Order dated December 8, 2020.)**

**ATTACHMENT A – FLARE EXCEPTION AUTHORITY**

Exception No.	Commingle Permit No.	Individual Flare Stacks	Exception Start Date	Exception End Date	Flare Point Maximum Flare Volume (Mcf/d)	Gas or Casinghead Gas
24894	N/A	Howett ZAV A 3H and B 1H	March 11, 2020	December 6, 2020	50 Mcfd	Casinghead Gas
37118	N/A	Howett ZAV C 2H	June 7, 2019	December 6, 2020	125 Mcfd	Casinghead Gas
39323	N/A	Howett ZAV E 2H and F 1H	July 23, 2019	December 6, 2020	200 Mcfd	Casinghead Gas

	Lease ID	Lease Name			Lease Maximum Flare Volume (Mcfm)	Gas or Casinghead Gas
<b>Lease Totals</b>	18015	Howett ZAV Lease			7,500 Mcfm	Casinghead Gas

**Note:**  
**Mcf/d = Thousand Cubic Feet Per Day**  
**Mcfm = Thousand Cubic Feet Per Month**

**Location of Flare Stacks:**

Howett ZAV A 3H and B 1H: 28.8020061N, -99.549292W

Howett ZAV C 2H: 28.830873N, -99.546758W

Howett ZAV E 2H and F 1H: 28.842992N, -99.542867W